



# DEPARTMENT OF MANAGEMENT AND BUDGET

## FAIRFAX COUNTY ECONOMIC INDICATORS ©

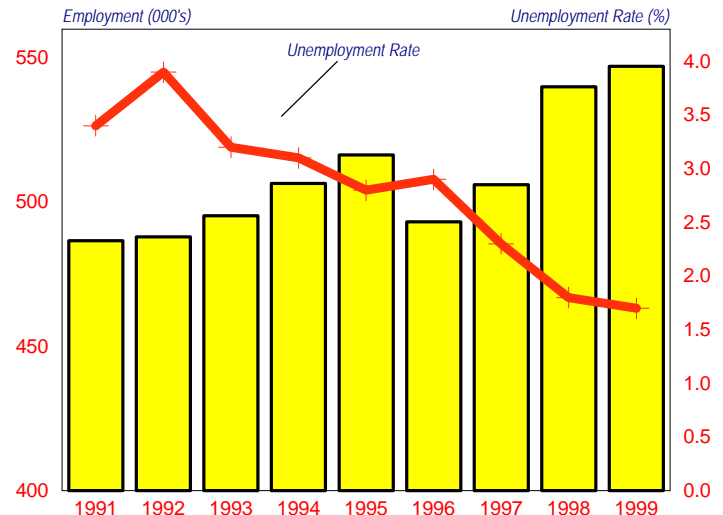
Publication 90

OCTOBER 1999

### OCTOBER HIGHLIGHTS

- ❑ The local area employment climate continues to strengthen in August as indicated by job growth and low unemployment.
- ❑ October Sales Tax receipts, representing retail purchases made in August, varied throughout Northern Virginia. Fairfax County posted another strong gain, resulting in cumulative collection to date of \$31.3 million and a lead of 15.1 percent.
- ❑ Based on sales data through August, the median selling prices of all types of existing and new homes are up from the levels established in 1998.
- ❑ Activity continues to strengthen in the existing home market, as evidenced by the significant volume of sales compared to last year.
- ❑ The Fairfax County Coincident Index advanced in August, as did the County's Leading Index. By contrast, the Metropolitan Coincident Index suffered a considerable drop and the Metropolitan Leading Index dipped in August.

### RESIDENTIAL EMPLOYMENT - AUGUST



Source: Virginia Employment Commission  
Compiled by the Fairfax County Dept. of Management and Budget

**Employment situation still strong on local level...**

In August, the County's unemployment rate inched up 0.1 points to 1.7 percent, according to the Virginia Employment Commission (VEC). Despite the slight increase, August's unemployment rate is 0.1 percentage points below that of one year ago when the rate was 1.8 percent. Data from the VEC indicate that 547,138 County residents were employed in August, up 1.3 percent, or 7,179 jobs, over August 1998.

**August unemployment rate inches up slightly in Commonwealth and dips nationally...**

The Commonwealth's unemployment rate also edged up in August, adding 0.1 percentage points to 2.9 percent, as reported by the VEC. The Bureau of Labor Statistics reported that the national unemployment rate dipped 0.1 percentage points to 4.2 percent in August.

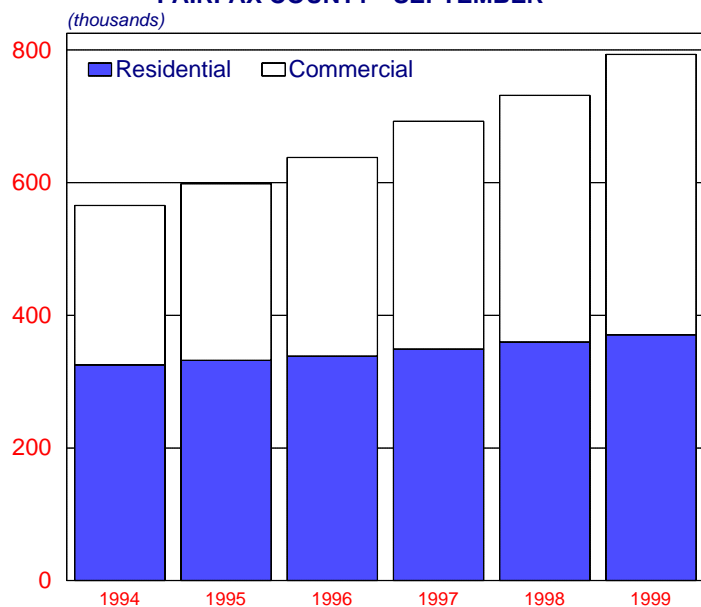


The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



### BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - SEPTEMBER



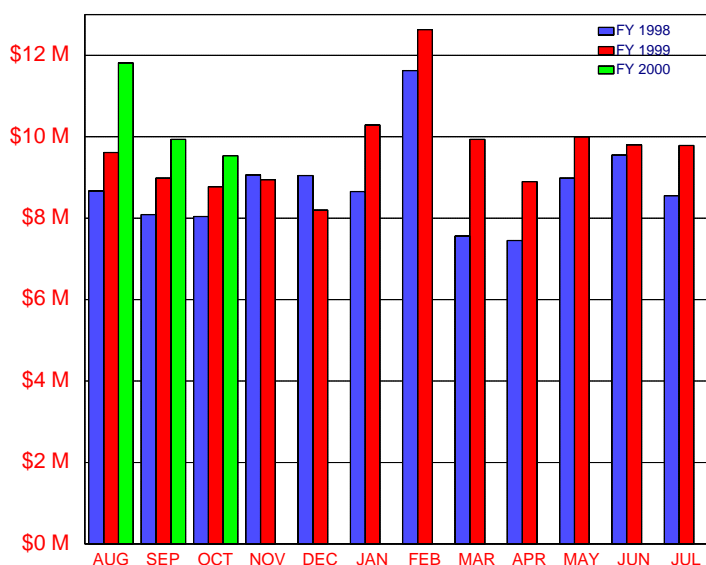
Source: Bell Atlantic  
Compiled by the Fairfax County Dept. of Management and Budget

*Telephone lines being added at slightly quicker pace in September...*

As of September 30, 1999, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 789,635 telephone lines, up 58,928 lines, or 8.1 percent, over September 1998. Please note that the pace has accelerated from the 5.5 to 6.5 percent range that has been registered for the last year. The business sector is still driving most of this growth, adding 48,106 new telephone lines to 419,939 lines for an increase of 12.9 percent over the prior year. Residential telephone lines totaled 369,696 as of September 1999 and topped last year by 10,822 lines, or 3.0 percent.

### SALES TAX REVENUES

(revenues represent retail sales two months prior)

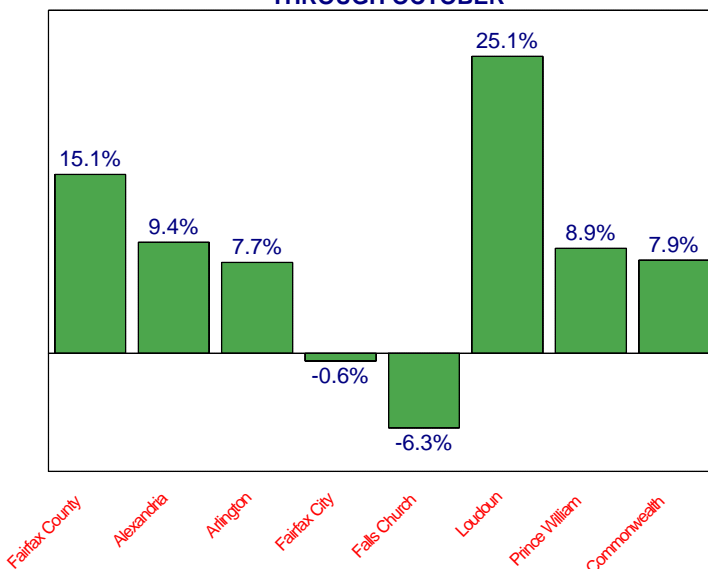


Source: Virginia Department of Taxation  
Compiled by the Fairfax County Dept. of Management and Budget

*County's Sales Tax receipts up 15.1 percent through October....*

Fairfax County's October Sales Tax receipts of \$9.5 million, representing retail purchases made in August, topped that of the prior year by 8.6 percent. To date, collections total \$31.3 million and exceed the prior year by 15.1 percent.

### FY 2000 SALES TAX RECEIPTS THROUGH OCTOBER



Source: Virginia Department of Taxation  
Compiled by the Fairfax County Dept. of Management and Budget

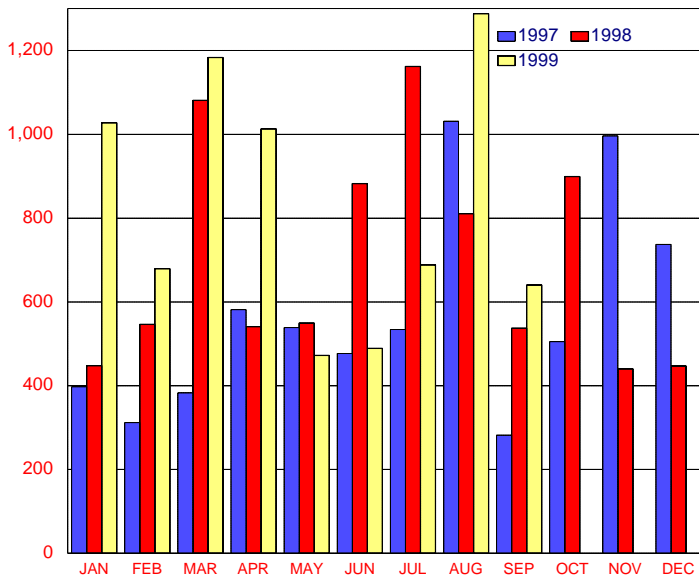
*August retail activity strong throughout most of Northern Virginia...*

Sales Tax revenues received by Northern Virginia localities in October were quite varied, according to data from the Virginia Department of Taxation. For the first quarter of the FY 2000, Sales Tax receipts are up 25.1 percent in Loudoun, 9.4 percent in Alexandria, 8.9 percent in Prince William, and 7.7 percent in Arlington. Fairfax City's receipts to date are shy of the same period last year by 0.6 percent, while a more significant deficit of 6.3 percent is being suffered by Falls Church. On the whole, October Sales Tax receipts in the Commonwealth topped October 1998 by 6.7 percent and lead the same period in FY 1999 by a respectable 7.9 percent.

*National retail activity strengthens further in August...*

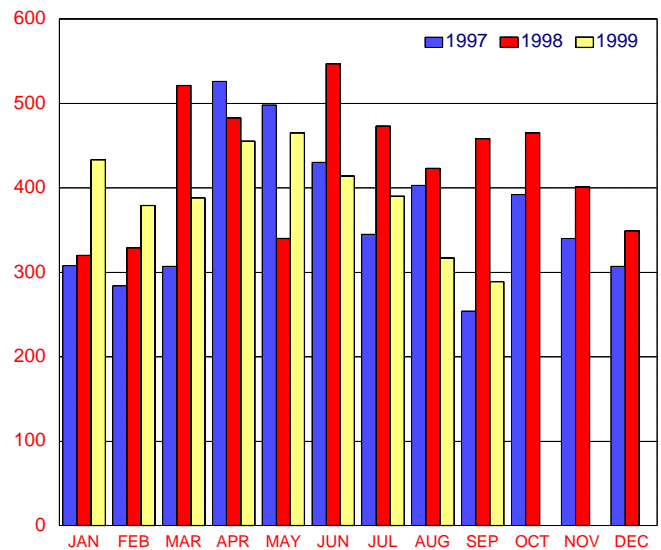
According to the Commerce Department, the retail industry on the national level strengthened even further in August, accelerating to a 10.9 percent lead over last August. Durable goods sales posted a gain of 15.7 percent, indicating consumers' high confidence levels regarding their economic prospects, and non-durable goods sales topped the prior year by 7.4 percent.

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

*Issues of residential dwelling permits up 27.5 percent through the third quarter of the year....*

Issues of new residential dwelling permits surged in September, on the heels of August's significant gain. To date, 7,479 new residential dwelling permits issued surpass that of last year by 27.5 percent, or 1,612 permits. The multifamily component completely offset the decline in the single family sector. To date, 3,949 multifamily residential dwelling permits have been issued, up 54.6 percent, or 1,394 permits, over the same period in 1998. Issues of single family residential dwelling permits total 3,530 through September and lead 1998 by 6.6 percent, or 218 permits.

*Residential repair and alteration permit issues outpacing prior year by 18.0 percent through September...*

Issues of residential repair and alteration permits in September outpaced the level achieved one year ago once again. Consequently, the 10,834 permits that have been issued through September lead last year by 18.0 percent, or 1,653 permits.

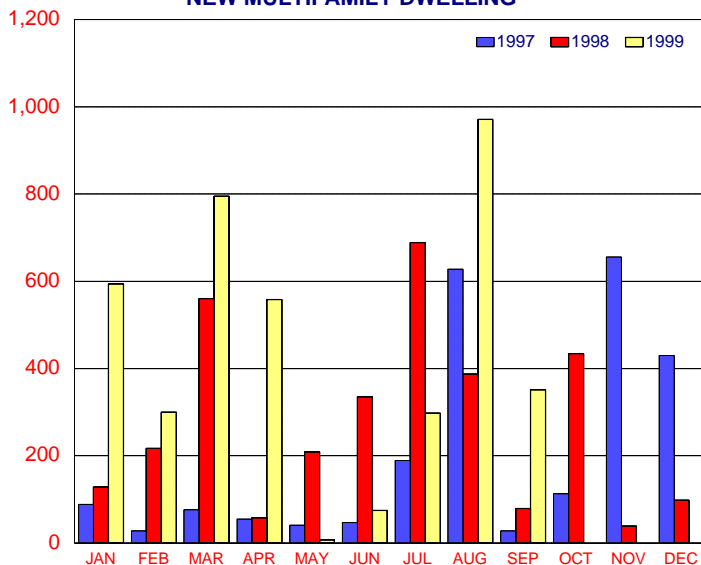
*National housing starts up through September...*

On the national level, new privately owned housing units started through September are surpassing that of last year by 4.8 percent, according to the Commerce Department. Regionally, housing starts are up 9.0 percent in the Midwest, 6.9 percent in the Northeast, 4.6 percent in the South, and 1.1 percent in the West.

*Issues of residential building permits up nationwide through September...*

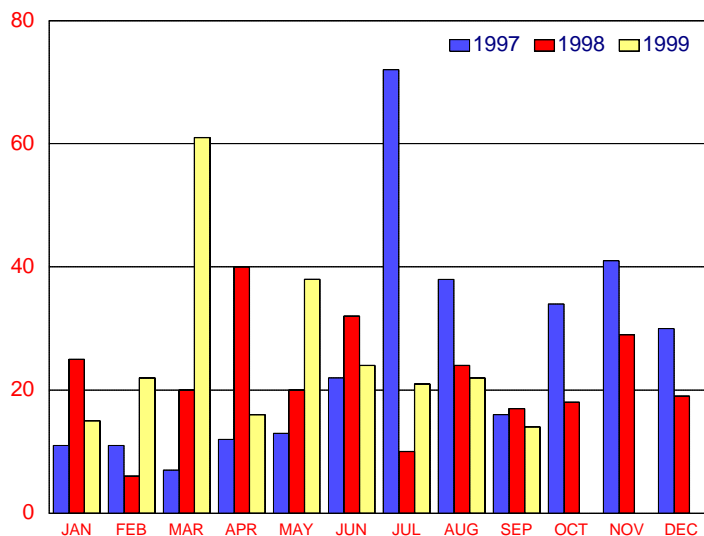
The Commerce Department also reported that the number of residential building permits issued nationwide through September exceeded that of 1998 by 4.3 percent. Residential building permit issues are up 7.0 percent in the Midwest, 6.4 percent in the Northeast, 4.1 percent in the South, and 1.6 percent in the West.

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

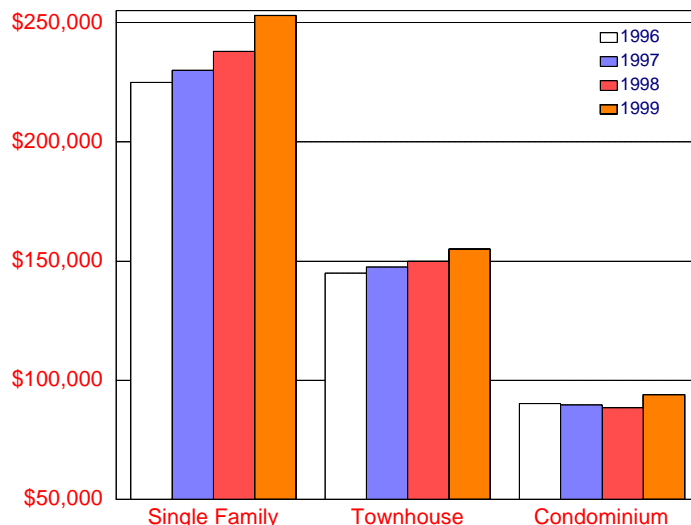
### NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

### HOME SALES IN FAIRFAX COUNTY

#### MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY-AUGUST 1999 COMPARED TO ANNUAL MEDIAN PRICES 1996 - 1998



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

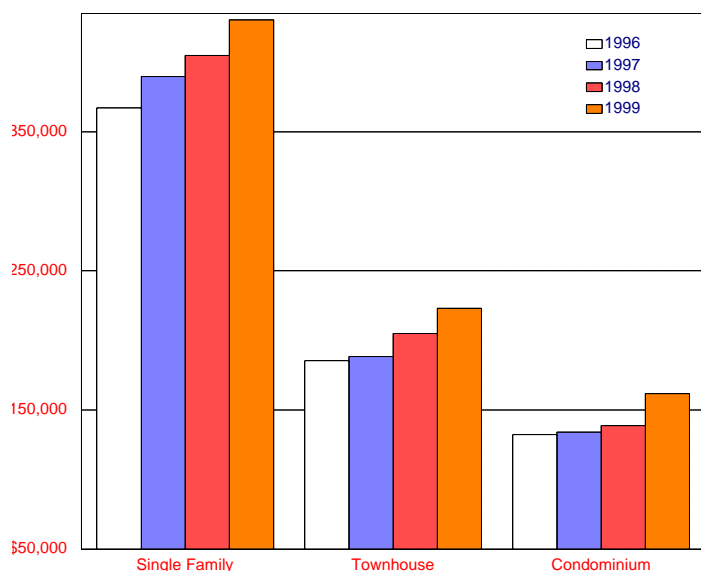
*Weaker activity in nonresidential sector causes year to date lead in building permit issues to narrow...*

The number of nonresidential building permits issued in September fell short of the level achieved one year ago again, thereby causing the year-to-date lead over 1998 to narrow even further from the 23.7 percent established through August to 20.1 percent. To date, 233 nonresidential permits have been issued. Through September, 3,105 nonresidential repair and alterations permits have been issued, up 5.0 percent, or 148 permits, over the same period last year.

*Median selling prices up for existing homes...*

Based on sales data through August, the median selling prices of all types of existing homes are up from the levels established in 1998. Please note, however, that these data are subject to revision as staff verifies each transaction. To date, the median selling price of existing single family homes has risen to \$253,000, up 6.3 percent, or \$15,000, over the level established last year. Existing condominiums have sold for a median price of \$94,000, up \$5,500, or 6.2 percent, from the \$88,500 registered in 1998. The median selling price of \$155,000 for existing townhomes reflects a rise of 3.4 percent, or \$5,100, compared to 1998's \$149,900.

### MEDIAN PRICE OF NEW HOMES SOLD JANUARY-AUGUST 1999 COMPARED TO ANNUAL MEDIAN PRICES 1996 - 1998



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

*New homes also  
selling at higher  
prices in 1999...*

Sales data through August indicate notable gains in the median selling prices of all types of new homes in the County, compared to the levels established in 1998.

As mentioned earlier, these data are subject to revision as staff verifies each transaction. The most significant increase is reflected in the median selling price of new condominiums which has increased 16.5 percent, or \$22,921, to \$161,711 from 1998's \$138,790. The median selling price of new townhomes through August is \$223,275, up 8.9 percent, or \$18,275, compared to the \$205,000 established in 1998. The median price of new single family homes sold through August indicate an advance of 6.3 percent, or \$25,466, to \$430,431 from the \$404,965 established in 1998.

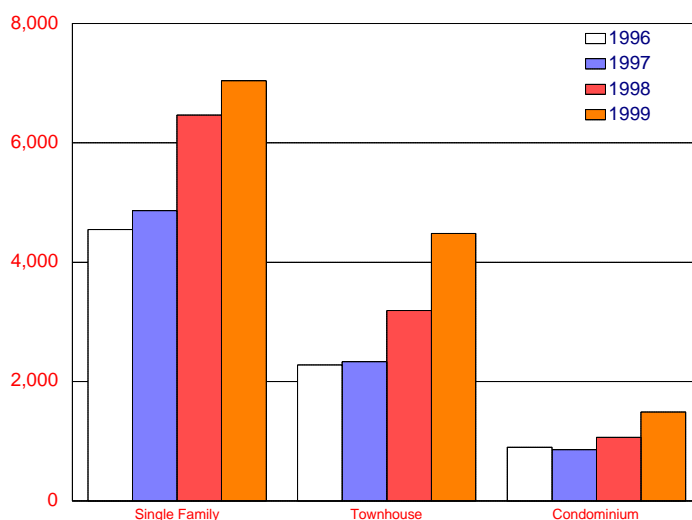
### PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD JANUARY- AUGUST 1999 COMPARED TO 1998 ANNUAL

	Existing Sales	New Sales
Single Family	6.3	6.3
Townhouse	3.4	8.9
Condominium	6.2	16.5

Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered to be reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to the selling prices within neighborhoods.

### NUMBER OF EXISTING HOMES SOLD JANUARY-AUGUST 1996-1999

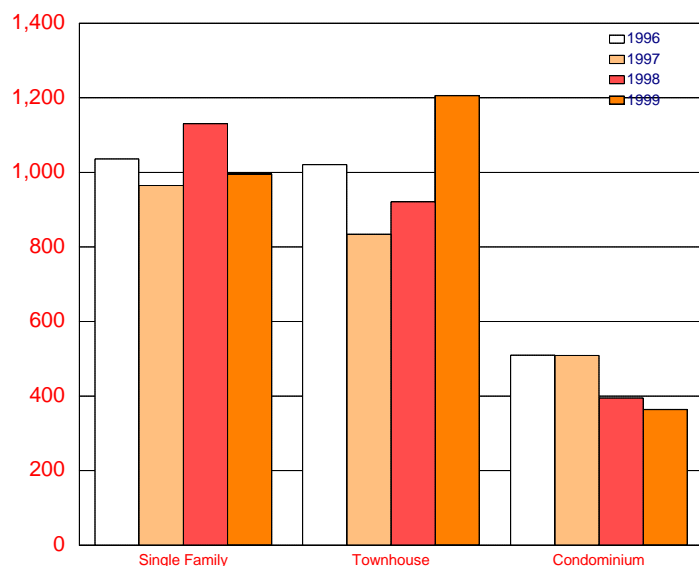


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

*Activity in the existing  
home market continues  
to strengthen...*

Home sale activity in the County's existing home market continues to exhibit strength as indicated by the volume of homes sold during the first eight months of 1999. Please note that these increases are in addition to the notable gains achieved in 1998. The 4,485 existing townhomes sold through August exceed the prior year by 40.7 percent, or 1,297 homes. Similarly, 1,488 existing condominiums were sold, up 39.7 percent, or 423 units, compared to the same period in 1998. To date, 7,042 existing single family homes have been sold, topping last year by 8.8 percent, or 572 homes.

### NUMBER OF NEW HOMES SOLD JANUARY-AUGUST 1996-1999



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

*New home sales experiencing some volatility on local level...*

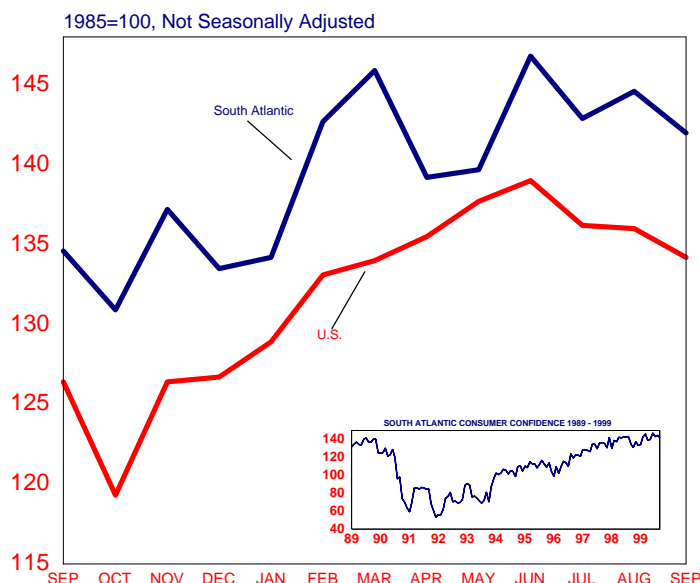
Sales data through August continue to exhibit considerable variability in the volume of sale by type of new home. For example, a total of 1,206 new townhomes were sold through August, reflecting an increase of 30.9 percent, or 285 units, compared to the same period in 1998. By contrast, the 364 new condominiums sold during the first eight months of 1999 trail the same period in 1998 by 7.9 percent, or 31 units. The 996 new single family homes sold to date are down 11.9 percent, or 135 homes, from last year.

*Nationally, new home sales slow in August...*

The lead established earlier in the year narrowed further in August as sales of new single family homes slowed slightly nationwide. According to data from the Commerce Department, sales of new single family homes through August exceed last year by 5.3 percent, compared to the 6.3 percent lead registered through July. More specifically, sales of new homes are up 6.9 percent in the South, 6.5 percent in the West, and 6.0 percent in the Midwest. By contrast, sales are down 10.2 percent through August in the Northeast.

### ADDITIONAL INDICATORS

#### CONSUMER CONFIDENCE INDICES



Source: Conference Board  
Compiled by the Fairfax County Dept. of Management and Budget

*South Atlantic Consumer Confidence dips in September...*

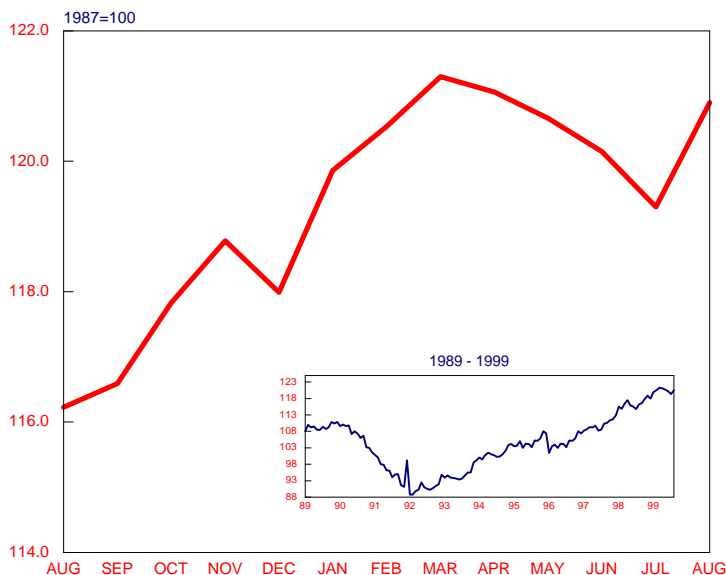
Although the Conference Board's South Atlantic Consumer Confidence Index declined 1.6 points to 143.0 in September, the Index now exceeds its level one year ago by 8.4 points. The national Consumer Confidence Index also dropped in September, declining 1.8 points to 134.2. The national Index is 7.8 points above the level established in September 1998.

The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in nine to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses. Please note that the Virginia Indices were not available for inclusion in this report.



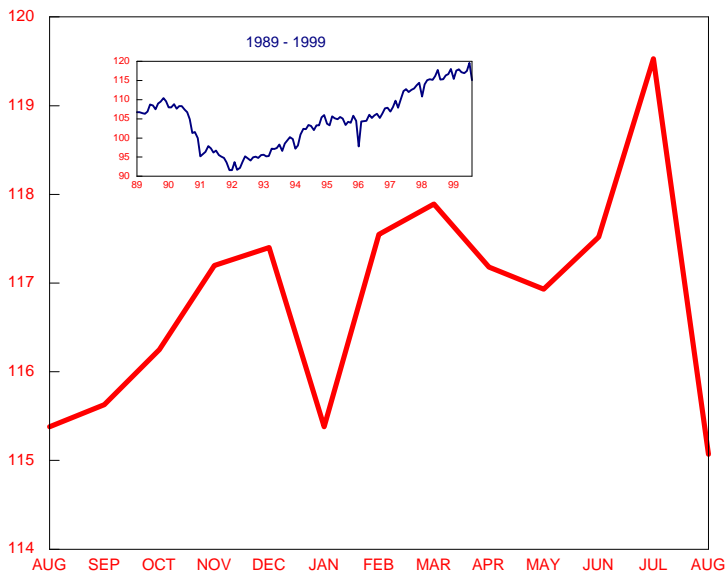
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in nine to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses. Please note that the Virginia Indices were not available for inclusion.

### FAIRFAX COUNTY COINCIDENT INDEX



Sources: Mason Enterprise Center, George Mason University  
Fairfax County Dept. of Management and Budget

### METROPOLITAN COINCIDENT INDEX



Source: Mason Enterprise Center, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

*Local economy fared well in August...*

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased 1.19 points to 120.49 in August, thereby interrupting the downward trend that had been sustained since the Index peaked in March. Three of the Index's four components contributed to its rise in August. Transient Occupancy Tax collections, adjusted for inflation and seasonal variation, increased following two monthly declines; total employment increased again; and, consumer confidence reversed its three month negative trend. Sales Tax receipts, adjusted for inflation and seasonal variation, dropped for the second straight month.

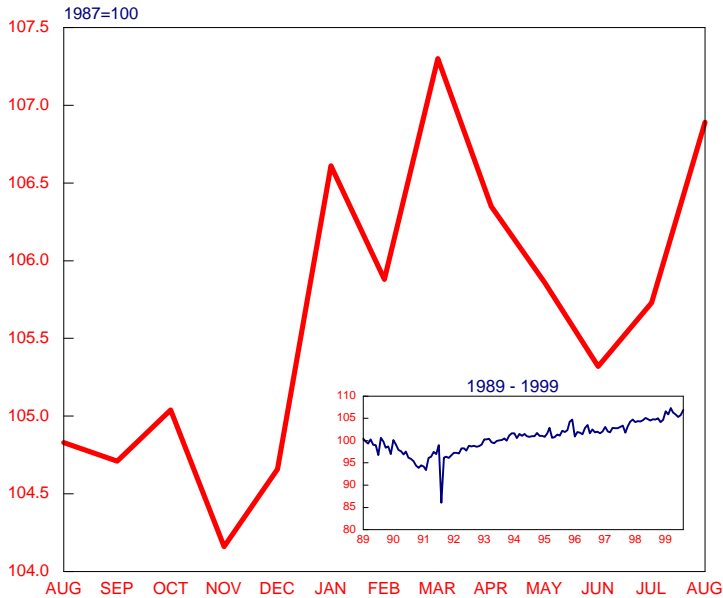


*Metropolitan Coincident Index loses considerable ground in August...*

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, fell 4.46 points to 115.07 in August with all four of its components contributing to the loss. Domestic airport traffic at Ronald Reagan National Airport suppressed the Index the most in August, followed by additional declines in nondurable goods sales, consumer confidence and total wage and salary employment.

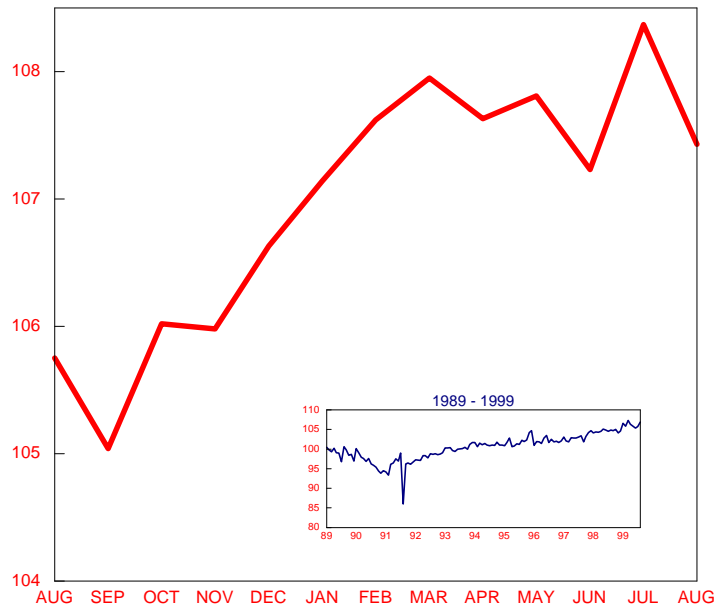


## FAIRFAX COUNTY LEADING INDEX



Sources: Mason Enterprise Center, George Mason University  
Fairfax County Dept. of Management and Budget

## METROPOLITAN LEADING INDEX



Source: Mason Enterprise Center, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

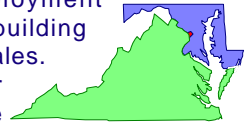
### County's Leading Index posts gain in August...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, gained 1.16 points in August to 106.89. This is the Index's second consecutive advance. In August, four of the Index's five components contributed to its gain. Initial claims for unemployment insurance decreased (improved) for a second straight month; new automobile registrations regained some of the ground lost in July; residential building permits jumped and the total value of the residential building permits increased. By contrast, consumer expectations (consumer confidence six months hence) slipped for the second consecutive month.



### Metropolitan Leading Index declines in August...

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, lost 0.94 points in August and declined to 107.43. Four of the Index's five components contributed to the dip in August, including initial claims for unemployment insurance, the Help Wanted Index, building permits issued, and durable goods sales. Consumer expectations (consumer confidence six months hence) were the only bright spot in August.



Inquiries should be directed to:

**The Department of Management and Budget**  
12000 Government Center Parkway, Suite 561  
Fairfax, Virginia 22035-0074  
(703) 324-2391 or 1-800-828-1120 (TDD)

Staff: Susan Datta, Assistant Director; Marcia Wilds, Marijke Hannam, analysts; and Frann Mummert, technical support.

Printed on recycled paper.

